

Application Procedure & Loan Program Process

- ▶ To start the loan process, fill out the application and submit it, along with a non-refundable \$100 application fee, (Check made out to FRHC) to Fairfax Renaissance Housing Corporation attn: *Tina Gillian, City of Fairfax, City Hall 10455 Armstrong St. Room 207.* Approval of project applications will be reviewed on a first come, first served basis and will be **contingent upon the availability of funds.**
- ▶ Application procedure is two-fold. Project applications are first reviewed by the FRHC. Once approved applicants will be referred to the Bank for the loan approval process. Please note applications are not fully approved until approved by the Bank. **(Do not start work until this time! If work starts your project may be denied)**
- ▶ After the FRHC forwards the project approval request to MainStreet Bank, the applicant will need to provide the bank with appropriate financial information and project plans.
- ▶ During the twenty-four month term of the 0% loan, program participants **must provide the FRHC with quarterly project status reports** or risk default.
- ▶ Under this program, during the renovation process, the FRHC has the right to post a sign in the front yard of the property and to inspect/photograph the project property at any time.

City of Fairfax Renaissance Housing Corporation

Board of Directors

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**This is program NOT associated with the
City of Fairfax Tax Abatement program**

06/13



0% Interest Rate
**Home Improvement
Loan Program**

For Loans \$100,000 to \$250,000

**City of Fairfax
Renaissance Housing
Corporation**

in partnership with



City of Fairfax Renaissance Housing Corporation

in partnership with



0% Interest Rate Home Improvement Loan Program

After many years, homes that were originally modern and efficient may no longer meet the needs of their owners. If you live in an older home and your thinking of a large addition to your home, or thinking of modifications to make aging in place easier, consider participating in an new exciting program that makes home improvements very affordable

The City of Fairfax Renaissance Housing Corporation (FRHC), a non-profit organization committed to improving the quality of residential neighborhoods in the City, in conjunction with the Bank will make available home improvement loans up to \$250,000 with no interest paid by the borrower for the first two years. Interest on the loan would be paid by the FRHC during the 24-month term.

Example:

For a loan of \$150,000 the effective APR (annual percentage rate) to the borrower would typically be 0% under this loan program during the 24-month term. This example assumes that borrower's interest payments have been made by FRHC, and that the Bank has paid closing costs estimated at \$595.00 for the borrower. The actual APR, including the total of interest and finance charges paid on behalf of borrower, would be 5.625%.

FRHC Guidelines

1. Only City of Fairfax residents are eligible.¹
2. The home must be single family owner-occupied and only the homeowner may apply.
3. The home must be at least ten years old.
4. You may submit only one application per home.²
5. Homes with an assessed tax value of \$750,000 or more are ineligible.²
6. The home must exhibit one or more of, but not limited to the following conditions: exterior or interior deterioration, functional obsolescence, or lack of amenities found in today's new homes (such as master bedroom suites, two car garages, etc.).
7. All required paperwork and/or permits **must** be applied for and be approved by your homeowners association (if applicable), the City of Fairfax, and the FRHC.
8. Improvements must be completed within **eighteen months** of the loan closing date in order to avoid an interest reimbursement to FRHC. Completion requires inspection by the FRHC and final inspection/permits passed by the City of Fairfax building officials (if required).^{2&3}
9. The loan proceeds **must** be spent on residential improvements.
10. Loan proceeds may not be used to pay off or pay down loans made prior to FRHC loan closing date.²
11. You may be required to spend up to twenty-five percent of the loan proceeds on exterior improvements, such as the

entryway, walkway, or landscape at the front or sides of your home.²

12. The home must remain owner-occupied and cannot be sold for at least thirty-six (36) months after the loan closing date in order to avoid an interest reimbursement to the FRHC.^{2&3}
13. Projects under this program will be required to have a licensed general contractor; home owner may not pull permits in their own name.
14. Both the project and the loan must be approved before any work may start
(Do not start work until this time! If work starts your project may be denied)

Bank Guidelines

1. The 0% Interest Rate Home Improvement Loan is a construction loan requiring periodic construction draws and inspections. Although the FRHC will pay the interest for two years, the loan is secured by a lien on the subject property.
2. This loan has to be no less than a second mortgage/ second deed of trust on the subject property. If a second deed of trust currently exists on the property it will need to be paid off or refinanced into the first trust/mortgage before the FRHC loan can be closed.
3. The loan requires monthly payments of interest during the two-year term. The FRHC will pay the monthly interest for the first two years, and none of the principal is due until the end of the two-year term.
4. At the end of the two-year period, the homeowner may pay off the loan or convert it into a conventional home equity loan or line of credit with a bank of the homeowner's choice.

² May be waived at the discretion of the FRHC Board of Directors.

³ The interest reimbursement will be equal to the amount of interest paid by the FRHC on the loan for the period that the loan was in place.

¹ Prospective City of Fairfax homeowners with contracts to purchase are also eligible to apply.